



Farm Products Council
of Canada

Conseil des produits agricoles
du Canada

Working Together

A Guarantee for the Future



2012 – 2015 STRATEGIC PLAN | FARM PRODUCTS COUNCIL OF CANADA



Canada



MESSAGE FROM THE COUNCIL

It is my pleasure to present to you the Farm Products Council of Canada's (FPCC) Strategic Plan which provides our strategic priorities and the results we expect to achieve.

In developing our Strategic Plan, Council members met with and sought input from national agencies, provincial supervisory boards as well as provincial commodity boards and industry associations throughout the country.

Supply management was instituted in response to market volatility and revenue uncertainty in some agricultural industries. This system allowed producers to regulate their industries to provide for more stable and predictable returns while ensuring that Canadian consumers have access to sufficient quantities of the regulated products at a reasonable price.

The promotion-research system was created to allow producers to pool resources to fund research and promotion activities aimed at developing or expanding markets for agricultural commodities as well as to foster the development of new and innovative products which respond to consumers' ever changing needs.

These systems have consistently provided flexible and innovative tools to address the substantial challenges faced by agriculture and agri-food sectors in Canada. But their optimal functioning requires continuous collaboration and coordination among multiple partners.

This year marks the 40th anniversary of the creation of the *Farm Products Agencies Act* (FPAA or the Act). It was adopted by Parliament on December 31, 1971 and proclaimed on January 12, 1972. While much has changed over the past four decades, the objectives of the supply management and promotion-research systems remain as relevant today as they were at the time of their creation. This anniversary provides a great opportunity to celebrate and seek to improve the systems to ensure the prosperity of the sectors.

Council is committed to working with its partners within industry and governments and expects that such collaboration will be reciprocated by all stakeholders, as I firmly believe that collaboration is key to ensuring the success of the industry for the next 40 years.

Laurent Pellerin
Chairman



INTRODUCTION

This document presents the Farm Products Council of Canada's priorities for the next three years. They will form the basis of Council's business planning, operations, evaluations and reporting activities from 2012 to 2015. Also, this document is intended to provide more insight into the role and mandate of Council.

These priorities and the environmental scan stem from consultations held with Council's partners during the summer and fall of 2011 to assess FPCC's performance in achieving its 2009–2012 Strategic Priorities as well as to determine where it should focus its efforts in the coming years. This plan is also based on the results of two strategic planning sessions held with Council members and staff in October and December 2011.

THE FPCC'S MANDATE

The Farm Products Council of Canada was established in 1972 under the *Farm Products Agencies Act* (FPAA) as a unique public interest oversight body which reports to Parliament through the Minister of Agriculture and Agri-Food Canada.

The Act provides for the creation of marketing agencies and promotion-research agencies. There are currently four marketing agencies and one promotion-research agency:

- Canadian Hatching Egg Producers
- Chicken Farmers of Canada
- Egg Farmers of Canada
- Turkey Farmers of Canada
- Canadian Beef Cattle Research, Market Development and Promotion Agency

As part of its mandate, the FPCC fulfills a wide array of different roles, not only with agencies but also with other governmental bodies involved in the supply management and promotion-research systems. More specifically the FPCC:

- works with agencies created under the FPAA to promote more effective marketing of farm products;
- collaborates and maintains relationships with provincial governments and provincial supervisory boards;
- reviews the operations of agencies created under the Act to ensure that they meet their objects under sections 21 and 41 of the FPAA;
- investigates and takes action into complaints;
- conducts public hearings; and
- advises the Minister on all matters related to the creation or operations of agencies under the FPAA.

HISTORY OF THE SUPPLY MANAGEMENT AND PROMOTION-RESEARCH SYSTEMS

The supply management system was introduced in the 1970s in response to difficult market conditions in agriculture. Due to production cycles, interprovincial conflicts and product dumping, producers faced volatile prices and unpredictable returns which threatened their financial stability and contributed to rural exodus.

To stabilize domestic markets, the supply management system meshed together federal and provincial authorities to regulate production, pricing and imports, ensuring that producers received a fair return for their production and that consumers had access to sufficient quantities of the regulated products.

At the federal level, marketing agencies, which are mostly composed of provincial board representatives, set the national production levels and allocate the quota to provinces. For their part, provincial boards set producer prices and distribute the province's production among farmers. Marketing agencies also implement marketing plans, are involved in various activities related to their industries and finance their operations through levy collection systems.

In 1993, the FPAA was amended to allow for the creation of promotion-research agencies that pool funds in order to expand markets for particular agricultural commodities, foster competitiveness, fund research and support the development of new products. Promotion-research agencies finance these activities, which benefit the whole of their industry, through levy collection on domestic and imported products.

As a counterbalance to the marketing power of the marketing agencies, which are not subject to the *Competition Act*, and the promotion-research agencies, the FPCC was created to provide for checks and balances and to work with stakeholders to ensure that the systems operate in a manner coherent with its legislative intent so that it can withstand public scrutiny.

MISSION, VISION AND VALUES

MISSION

The FPCC's mission is to work with its partners to ensure that the supply management and promotion-research systems have the flexibility needed to respond to current and future challenges in a flexible, accountable and transparent manner.

VISION

Council is recognized by its partners for its contribution to supply management and promotion-research systems that are not only transparent but also efficient.

VALUES

Council's operations will be framed by the following values which Council expects will be reciprocated by all our partners, as we view these as essential conditions to the success of the supply management and promotion-research systems.

Collaboration: Council is committed to working constructively with its partners in a manner that is reflective of the spirit in which the supply management and promotion-research systems were created.

Innovation: Council is committed to fostering innovative thinking so that the supply management and promotion-research systems continuously improve their efficiency and have the flexibility needed to address current and future challenges.

Fairness and Respect: Council is committed to conducting its operations in a manner which recognizes the contribution and respective jurisdictions of all its partners within the supply management and promotion-research systems and to operating without bias or favouritism.

Transparency: Council is committed to conducting its operations in an open and transparent manner and to fostering this throughout the supply management and promotion-research systems.

ENVIRONMENTAL SCAN

Canada's agriculture and agri-food sectors operate in the context of a continuously evolving environment which affects the operations of marketing and promotion-research agencies. The following outlines a few of these trends and challenges.

INTERNATIONAL ENVIRONMENT

GLOBAL ECONOMY

In recent years, Canada and the United States have had to contend with important economic downturns, affecting not only supply but also demand for agricultural products. More recently, financial difficulties in various European Union member countries have also contributed to uncertainty on world financial markets and in the global economy.

Because they rely heavily on globally-traded commodities, agri-food industries face increasing and sometimes unpredictable production costs, especially with regards to feed grain and fuel, which are expected to remain high. Adapting to this production reality and its impact on the supply chain, consumer prices and possibly demand will be challenging.

DEMOGRAPHIC CHANGES

Growth in the world's population, which has recently reached seven billion, continues to shift towards Asian countries. Beyond their increased demographic weight, the growing economies of these countries are likely to increase demand for animal protein and represent an opportunity for Canada.

INTERNATIONAL TRADE

Canada is currently engaged in several multilateral and bilateral negotiation rounds. While the likelihood of a World Trade Organization agreement decreases over time, Canada has recently taken steps to explore joining the Trans-Pacific Partnership. Industry stakeholders continue to be preoccupied by the potential impact on supply managed industries of increased imports via higher access levels or tariff reductions. Other trade related issues such as labelling and regulatory and sanitary requirements are an ongoing concern for many agricultural sectors, including the beef cattle industry.

DOMESTIC ENVIRONMENT

CONSUMER DEMAND AND PREFERENCES

As with many industrialized countries, Canada's population grows relatively slowly and relies increasingly on immigration. Its population is also an aging one due to low birth rates and increased life expectancies.

Canadian consumers have also experienced economic uncertainty over the past years. This has affected their purchasing habits and patterns. As well, they are more aware of food related issues such as the health impact of dietary choices, animal rights, animal welfare, the environmental impact and sustainability of farming as well as food safety issues such as the use of antibiotics in animal production.

These phenomena will continue to influence and shape consumer demand for beef, poultry and egg products in Canada as well as that of many of its trading partners.

INDUSTRY CHALLENGES

Many of the challenges that are faced by the industry stem from the inherent nature of agriculture. Not only is production subject to uncertainty stemming from biological cycles, but an extensive network of stakeholders separates the production from the final consumption of the good.

Adding to this, production and prices are established by separate entities at different times. Consequently, promoting financial health throughout the supply chain, which requires adequate production levels and prices, can be very complex. Doing so requires sound cost of production methodologies which allow producers to realize fair returns, prevent excessive quota value increases and foster reasonable consumer prices.

Supply chains are also becoming increasingly integrated and the relative importance of the various stakeholders is evolving, which influences their bargaining power.

In its inception, supply management allowed for a rebalancing of negotiating power between small producers and relatively larger downstream stakeholders. The system also allowed for production of the supply managed commodities to continue in all provinces where such production had occurred historically. Over the past 40 years, however, population centres in Canada have changed, along with the structure and location of processing industries. Finding the equilibrium between some of the policy objectives of supply management such as maintaining production throughout the country, the economic realities of the poultry and egg markets in Canada, including the requests for differential growth in some industries, still constitutes a significant challenge.

Supplying increasingly segmented markets while remaining competitive, despite high input costs and responding to consumers' food safety concerns at sustainable prices throughout the chain, will prove to be a test of the supply management system's adaptability.

POLICY ENVIRONMENT

GOVERNANCE AND ACCOUNTABILITY

Over the past years, there has been growing commitment by the federal government to meaningful, results-based management as opposed to simple program delivery. This has led to an increased emphasis on governance, performance measurement reporting as well as accountability to enable the government to demonstrate to its citizens how it is delivering results for them.

This increasing need to report on activities, measure performance and demonstrate accountability has and will continue to put pressure on the FPCC and the agencies it supervises to improve transparency, sound governance and accountability.

In the context of budgetary and fiscal restraint, there will be added pressure to demonstrate that the supply management and promotion-research systems are not only based on sound and transparent governance structures, but are efficient and provide benefits to Canadians.

To do so, the case must be made that the supply management and promotion-research systems operate within reasonable parameters that are transparent and that stakeholders within the systems continuously strive to address and minimize any negative impacts or issues that arise. Such a demonstration will also be necessary to respond to criticisms against supply management in the context of globalization and increasing food prices.

NATIONAL COHESION

The promotion-research and supply management systems are based on the meshing of provincial and federal authorities. Their optimal functioning requires collaboration and coordination between multiple partners that have different roles, responsibilities and authorities. Building a mutual understanding and agreement on these and enhancing collaboration will be instrumental to addressing the challenges faced by the systems and continuing to demonstrate their value for Canadians.



STRATEGIC PRIORITIES

The following section presents the FPCC's priorities for the next three years along with various results which Council expects to achieve in pursuing these objectives. These will build upon the FPCC's work over past years to improve dialogue with its partners, refocus discussions from operational and legal matters to more strategic ones, and achieve meaningful progress on important issues.

1 MUTUAL UNDERSTANDING OF OUR PARTNERSHIPS

Objective: fostering a better understanding of the roles and responsibilities of the partners within the systems

To ensure that the supply management and promotion-research systems continue to deliver results for producers, processors and consumers, Council will work to foster mutual understanding of the respective roles, mandates and responsibilities of Council and its partners within the systems. Such an understanding will allow for better cooperation and coordination and improved efficiency.

Expected Results:

- The meshing of federal and provincial authorities underpinning the system is better understood.
- The systems operate in a manner consistent with their legislative intent through sound costs of production and practices conducive to efficient and competitive farm products industries.
- Proactive approaches are developed to address emerging challenges and issues and the systems have the flexibility needed to evolve.
- The systems operate in a flexible, accountable and transparent manner that can withstand public scrutiny.

2 COMMUNICATIONS

Objective: improved relevance and efficiency of communications

Timely and effective communications are necessary conditions for the proper functioning of the supply management and promotion-research systems. To ensure that its partners have access to the information that they need to contribute to the efficient management of the systems, Council will strive to continuously improve its communications and relationships with them.

Expected Results:

- Increased information sharing with partners.
- Improved relationships with partners.
- Increased transparency within the systems.
- Increased awareness of upcoming challenges and strategic issues.

3 PROMOTION-RESEARCH AGENCIES

Objective: new promotion-research agencies are established

Part III of the Act which allows for the creation of promotion-research agencies constitutes an important tool for industry groups to implement promotion programs that can contribute to making their industries more competitive and responsive to consumers' needs. As such, Council will provide information and support the establishment of new promotion-research agencies under Part III of the FPAA.

Expected Results

- Information sharing on promotion-research agencies.
- Creation of promotion-research agencies.
- Foster collaboration between Agriculture and Agri-Food Canada and industry groups on the establishment of promotion-research agencies.

4 COORDINATION WITH PROVINCIAL SUPERVISORY BOARDS

Objective: improved cooperation and collaboration between FPCC and provincial supervisory boards

To function properly and provide results for all stakeholders, the supply management and promotion-research systems require substantial cooperation and coordination between federal and provincial bodies. To maximize the efficiency of its own work as well as the functioning of the systems, Council will work with provincial supervisory boards to foster coordinated and cohesive approaches to industry issues and challenges.

Expected Results

- A common understanding of industry issues and challenges is developed.
- Improved coordination and cohesion within NAASA and with its members.
- Renewed federal-provincial agreements.
- Increased efficiency in the administration of the supply management and promotion-research systems.

CONCLUSION

The supply management and promotion-research systems were founded on collaboration and coordination between industry stakeholders to create systems for the benefit of all partners within those industries. While much has changed over the past 40 years, the necessity to work together continues to be relevant today and key to ensuring the continued success of these systems in the years to come. "Working Together is a Guarantee for the Future."

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